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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

COUNTRY Hungary/Austria/Uruguay

SUBJECT TIMEX Connections in Austria
and Uruguay

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1. This report is concerned with connections of the Innsbruck TIMEX Export Company with countries behind the Iron Curtain. The company closed the following deals and shipments these past months. Exact numerical data, however, are missing:
2. TIMEX procured large quantities of cheese coagulates for Hungary. The Hungarian commercial attaché of the Viennese Legation came down in person to Innsbruck to close the deal. The Hungarian state was well satisfied with the merchandise and put out feelers about further shipments. In Jul 1953 a certain Mr. Schwarz, who spoke Hungarian, came down on behalf of the Handelsunion of Vienna to see Eduard Baitz, one of the managers of TIMEX, and offered for sale large quantities of merchandise produced for export by the Hungarian state trust, Chemolimpex. This company produces chemical products. These products, however, cannot easily be placed on the Austrian market, and according to information, Baitz tried to sell them to Italy.
3. The same Eduard Baitz has sold large quantities of lumber from the Tyrol to the USIA for export to Italy. Later on the major part of this lumber was not accepted by the Soviets, and left in the hands of TIMEX. Under recent Soviet orders Rumania had to ship wood to Italy. Italian currency gained through this import business was subsequently paid into the account of the Italian Communist Party to cover election expenses. This has not been the first time that the Italian Communists received financial assistance from the Soviets in a roundabout way. On the other hand this method is very convenient for the Soviets since they finance the Communist Party organization

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of a prospective Satellite with another Satellite, in this way. Manager Baltz does not deny that he cooperates with the Soviet commercial organs and the Hungarian state buyers and sellers, despite the fact that he has been a lieutenant colonel in active service of the Hungarian Danubian Fleet and his brother (at present in an internment camp) is a general of the Hungarian Army. Besides, Baltz already long ago took up Austrian citizenship and thus can pursue, unmolested, his business activities with the East.

4. During this summer, a Hungarian emigrant, a certain Count Kuun, arrived in the Tyrol from Uruguay. He maintained that he had come from South America to Austria on business. According to confidential information, however, he barely escaped arrest in Uruguay. Count Kuun made a short visit to Admiral Horthy in Portugal and came to Innsbruck via Lisbon. Kuun disclosed that he is mainly interested in Austrian chemicals and very soon got in touch with TIMEX, whose manager made him the following rather surprising offer: that Count Kuun should ship through Baltz, from Uruguay and other South American States, merchandise in demand in Hungary. Baltz also told Kuun that recently he was visited by an important agent of the Hungarian Government and asked him to procure goods in large quantities from the South American countries for the Hungarian Peoples Democracy. According to Baltz the Hungarian Government is looking mainly for linseed oil in large quantities for the air force. Further, in order to solve a food crisis in Hungary and to supply the army, the Hungarian Government intends to purchase large quantities of frozen meat on the South American market.
5. Kuun at that time told one of his friends confidentially that he refused to participate in such shady business with the East. On the other hand it has been observed that he rents part of an elegantly furnished castle near Innsbruck for a monthly rent of 2000 schillings and lives lavishly. He traveled extensively abroad, mainly to Switzerland, and despite the fact that he formerly said he must return to Uruguay by the beginning of Sep. 53, still stays on in the Tyrol and there are no signs of his immediate return to Uruguay. It is also suspicious that lately he refuses to say anything about business with TIMEX. Among others, he visited some paper mills in the Steyer district and was asking for offers for paper products for the South American market.
6. Another informant says that manager Baltz contacted Count Kuun with Alois Huber, a wholesale meat merchant who has his own deep freezers in St. Johann in the Tyrol, Telephone 222. It is supposed that Alois Huber would be the middleman for the frozen meat supplies arriving from South America, and then directed further through Austria by the well functioning East-West channels to Budapest.
7. The agent for TIMEX in Milan is Denis Deak-Horvath, a former colonel of the general staff, formerly the owner of the Fukaro Company. A certain Alexander Fülöp had been Baltz's confidential agent in Italy, but since Fülöp was arrested, the contacts have ceased. Whether or not Deak is fully aware of his role in the East-West shipments cannot be established. However, he has Italian-German business contacts.

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795.323	17M/D(HM)
114.27	19M
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12/726.556	37M
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